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NCUA Media Advisory

Matz Outlines Corporate Credit Union Reforms, Industry Strength and Stability

Chairman Testifies before Senate Banking Committee

December 9, 2010, Alexandria, Va. – National Credit Union Administration Chairman Debbie Matz today told the Senate Committee on Banking, Housing, and Urban Affairs that NCUA has reformed and strengthened the corporate credit union system and enabled credit unions to continue serving consumers despite difficult economic times.

“NCUA’s increased supervision has contributed significantly to the credit union system’s ability to withstand the extraordinary economic shocks over the past two years,” stated Chairman Matz. “Our experience demonstrates the value of rigorous regulation, diligent oversight, and a healthy insurance fund. Equity in the National Credit Union Share Insurance Fund is now up to 1.29%, near the high end of its normal operating range.”

In her statement, Matz detailed how the downturn in the housing market seriously affected corporate credit union investments, destabilized the corporate credit union sector and threatened the financial stability of the entire credit union system.

“From the onset of this crisis, NCUA took decisive action to stabilize, resolve and reform the corporate system.”

Matz specifically identified the 2009 creation of the Temporary Corporate Credit Union Stabilization Fund as instrumental in allowing the credit union industry to pay for corporate credit union losses in a manageable fashion over a 10-year period. “Let me emphasize this point: These losses are being paid for entirely by credit unions,” noted Matz.

NCUA actions during the fall of 2010 were also a focal point of the testimony. Matz outlined NCUA’s conservatorship and resolution of five failing corporate credit unions, the subsequent securitization of impaired securities held by those corporates, and the creation of “bridge” corporates that ensured uninterrupted service to the industry. Matz

also summarized the corporate reforms approved by NCUA in September that will ensure a stronger and more durable system.

Citing a need for enhancements to the Federal Credit Union Act that will improve the operations of the National Credit Union Share Insurance Fund, Matz asked the Senate to quickly approve a package of technical amendments currently pending.

“With this legislation, America’s credit unions would be even better positioned to help consumers take advantage of opportunities that a recovering economy will offer.”

Chairman Matz’s testimony can be found online at <http://www.ncua.gov/GenInfo/Members/Matz/Speeches.aspx>.

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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